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November 20, 2002

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: *Ex Parte Presentation*
In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers,
CC Docket Nos. 01-338, 96-98, 98-147

Dear Ms. Dortch:

Today, Donna Sorgi, Vice President for Federal Advocacy, WorldCom, Inc. ("WorldCom"), Paul Bobezcko, Director, Local Finance and Consumer Planning, WorldCom, Kimberly Scardino, Senior Counsel, WorldCom, and A. Richard Metzger, Jr., counsel to WorldCom, met with Jordan Goldstein, Senior Legal Advisor to Commissioner Michael J. Copps. In those meetings, WorldCom discussed the attached presentations.

Pursuant to section 1.1206(b)(2) of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), this letter is being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,

Ruth Milkman

cc: Jordan Goldstein

WORLDCOM SM

Transitioning to Unbundled Loops: Case Study

November 20, 2002

The Nine Essential Elements of a UNE-L Economic Evaluation

	Case 1: Local Switch, Transport + Collo Facilities	Case 2: Local Switch Facilities (no collo or transport)	Case 3: No Local Facilities
Investment Required			
Transition Costs			
On-going Costs			

High Density	Medium Density	Low Density

Transition Scenarios

- We have evaluated the process steps of UNE-P to UNE-L transition for two different central office scenarios (Case 1 & Case 2):
  - Central office with existing collocation, transport, and switching facilities—all of which are currently being used to serve medium to large business customers
  - Central office with no collocation, but within reach of existing switching facilities—all of which are currently being used to serve medium to large business customers

Before We Transition Our First Customer, We Have Substantial Internal Development Requirements

- Develop automated electronic UNE-L provisioning systems
- Modify all back-office operations to handle new customers
- Create dedicated customer service, trouble maintenance and provisioning groups
- Hire, train, and equip incremental loop provisioning and switch maintenance technicians
- Develop scaleable capabilities for E911, LNP, Operator Services, and Directory Assistance

This development is expected to take several months to one year at a minimum. At the present time, we are still in the process of fully quantifying the costs associated with this development.

Central Office with Existing Collocation, Transport, & Switching Facilities

Identify Existing Facilities Opportunity

- In evaluating the business case for WorldCom to transition its UNE-P base to UNE-L on existing facilities, WorldCom evaluates several conditions on a central office by central office basis:
  - UNE-P line count
  - New equipment requirements(IDLC, cabling, power, etc.)
  - Collocation space constraints
  - Available transport capacity
  - Available switch-port capacity

Real World Example: Manhattan Central Office

- We identified a collocation in Manhattan that best met all of the key conditions required. However, we would have to make the following modifications prior to transition:
  - Purchase and install analog-capable equipment
  - Increase the existing collocation cage space by 200sq ft.
  - Pay Verizon for additional cabling and power

It Would Take 8 Months To Transition Our UNE-P Lines to UNE-L In This Central Office

Steps	Business Days To Complete	Comments
Pre-Application:		
Determine additional equipment/space requirements	5	WorldCom internal process
Complete application and submit to Verizon	5	WorldCom internal process
Application approval process and cabling/power delivery	76	Verizon(NY) collocation interval
Construction:		
Construct collocation expansion bays	15	WorldCom experience
Install and test new equipment	10	WorldCom experience
Certify collocation is ready to accept new lines	1	WorldCom experience
Transition:		
Transition 6,600 lines using project hot-cuts	53	Based on Verizon's stated ablity to handle 125 hot-cuts/day in each CO. Assumes WorldCom gets 100% of VZ's total capacity.
Total Business Days	**165**	
Number of Months	**8.3**	

Transition Costs In An Existing Central Office Depend On a Number of Factors

- **Collocation Preparation:**
  - Additional equipment and installation
  - Verizon fees for:
    - Cabling
    - POT Bays
    - Collocation expansion

- **Transition Costs:**
  - Verizon NRCs ($35/line)
  - WCOM technician labor (53 days)
  - **Total**

- These costs do not include any of the up-front development costs, ongoing switching and transport costs, or ongoing support expenses.

Central Office with Switching-Only Facilities

Identify New Collocation Facility Opportunities

- In considering where WorldCom could deploy new collocation facilities, several conditions must be evaluated on a central office by central office basis:
  - UNE-P line density
  - Proximity to existing switch facilities
  - Available switch-port capacity
  - Central office space constraints
  - Backhaul options (fiber build or leased circuits)

It Would Take 17 Months To Transition The Same Number of UNE-P Lines In a New Central Office

Steps	Time To Complete	Comments
Pre-Application:	avg. 9 months	Based on WorldCom's extensive experience in deploying over 1,000 collocations.
Obtain necessary permits for outside plant (fiber)		
Determine equipment and space requirements		
Complete collocation application		
Submit collocation application to Verizon		
Construction:	avg. 5 months	
Construct fiber backhaul from CO to network pop		To save time, WorldCom begins its network construction process during the Verizon (NY) collocation application interval of 76 business days.
Application approval and cabling/power delivery		
Construct collocation cage		
Install and test new equipment		
Certify collocation is ready to accept new lines		
Transition:	2.5 months	Based on Verizon's stated ablity to handle 125 hot-cuts/day in each CO. Assumes WorldC gets 100% of VZ's total capacity.
Transition 6,600 lines using project hot-cuts		
Number of Months	**17 months**	

Transition Costs In New Central Offices Depend On a Number of Factors

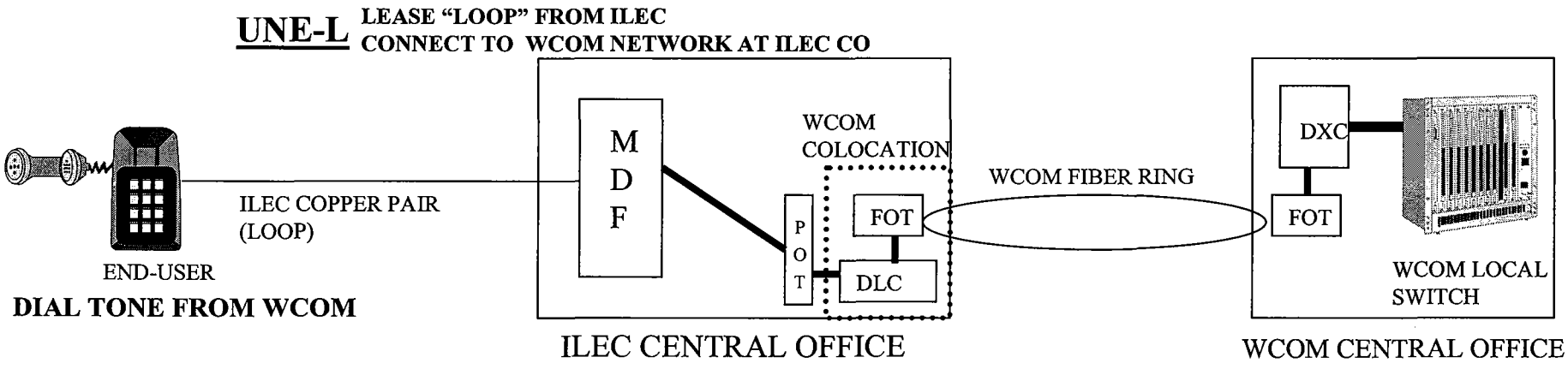
- **Collocation Preparation:**
  - ILEC application fees, cabling, and power
  - Collocation cage build-out
  - Purchase and installation of electronics for analog circuits
  - Purchase and installation of electronics for traffic aggregation
  - Backhaul (fiber build out vs. leased circuits)

- **Switch Preparation:**
  - Purchase and install digital cross-connect equipment to handle new backhaul traffic

- **Transition Costs:**
  - NRCs
  - Technician time

Appendix

WorldCom UNE-L Network Diagram



MDF – MAIN DISTRIBUTION FRAME
POT – POINT OF TERMINTION BAY (DS0)
FOT – FIBER OPTIC TERMINAL
DLC – DIGITAL LOOP CARRIER
DXC – DIGITAL CROSS-CONNECT

WORLDCOM SM

Delivering Local Competition to the Mass Market

Considerations for Transitioning to UNE-L-Based Strategy

Paul Bobeczko
Mass Market Finance
November 20, 2002

UNE-P is Essential to Mass Market Local Competition

- UNE-P has enabled local competition and ensures continued long distance competition.
- UNE-P based local competition is in its infancy and needs time to develop.
- UNE-P is essential for acquisition given lack of development in facilities infrastructure, process and standards.
- Left to develop, UNE-P can naturally transition to UNE-L where ever the conditions are right.

MCI's Neighborhood Demonstrates the Value of UNE-P

- Four years after our first local launch in NY, MCI has 2.4 million local customers across 39 states.
- For the first time consumers have an all distance product which the RBOCs have yet to match.
- Local competition is delivering lower prices, product innovation and better service in many markets.
- UNE-P/local market entry promises future stability in distressed and shrinking long distance industry.

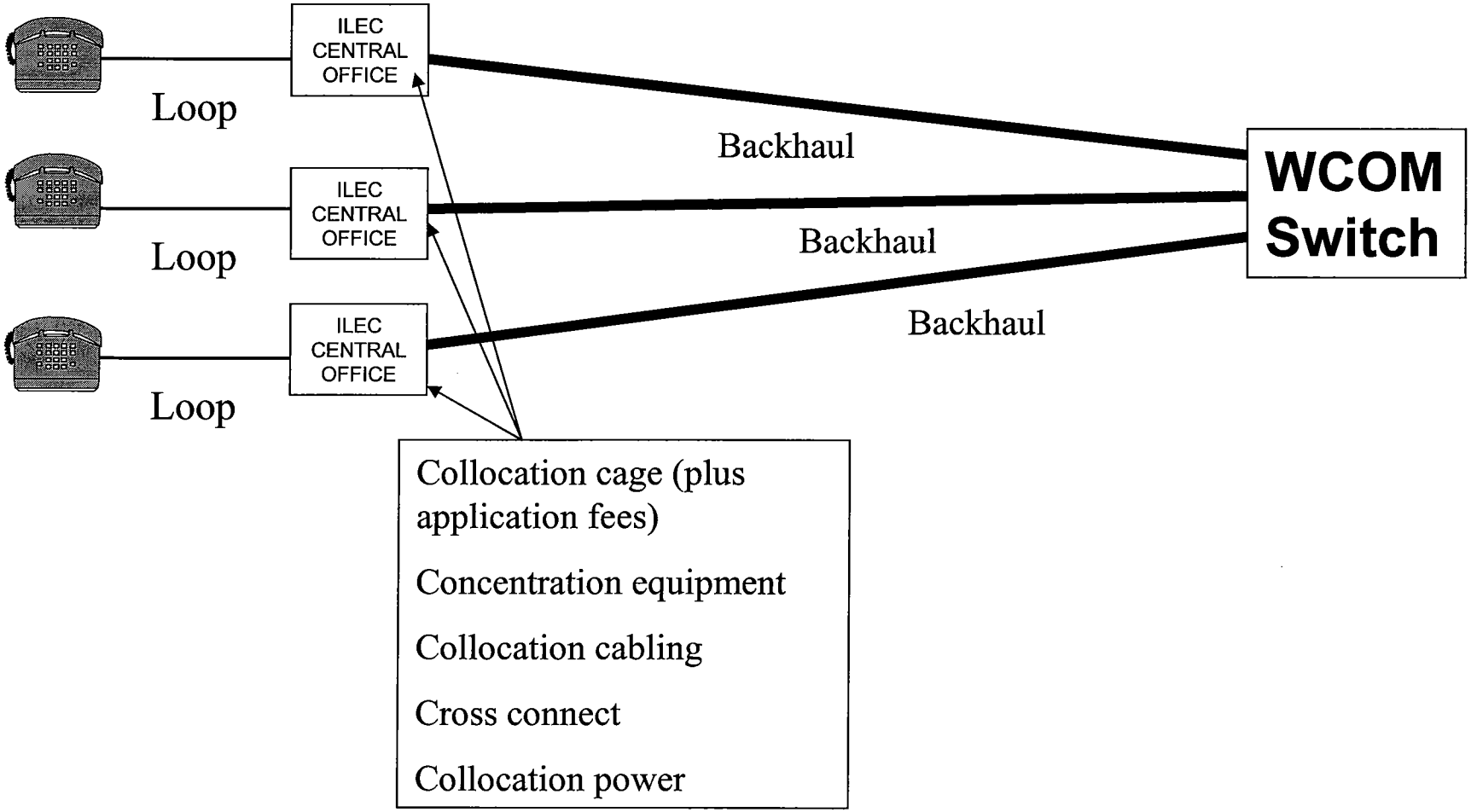
Regulatory Construct for Encouraging and Expanding Future Competition

- Preserve UNE-P based local competition at TELRIC rates.
- Establish the broad conditions-based framework for local facilities competition.
- Empower the states to determine the specific conditions, pricing and performance required to enable UNE-L-based competition.
- Ensure fair and efficient local loop provisioning.

Transition To UNE-L Hinges on Market Conditions and Resolution of Existing Barriers

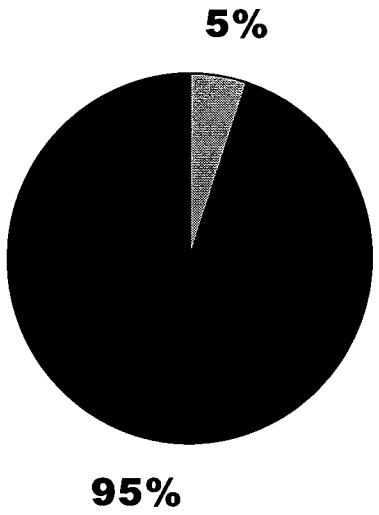
- Line density determines the economic viability of UNE-L-based competition.
- Efficient and scalable loop provisioning strongly influences the economics of a UNE-L-based strategy and is essential for customer satisfaction.
- Availability of TELRIC-priced EELs with no restrictions could enable the expansion of UNE-L-based competition.
- NRCs associated with a UNE-L-based approach must be reasonable.

The UNE-L Network and Cost Components



Total US Household Density

Total US Households by Central Office



- **107M Households in US**
- **20,704 End Offices / 5,169 HH per EO**

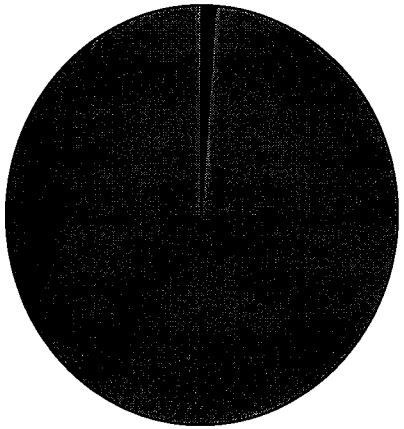
Key Statistics for Highly Populated 5% of COs

- 1,051 central offices serve more than 25,000 residential households.
- The 1,051 central offices serve 38.7M households or approximately 36% of the total US households.

MCI's Neighborhood Line Density

MCI UNE-P Lines by Central Office

< 1%



99%

■ 5,000+ ■ less than 5,000

- **2.4M MCI UNE-P lines in 4,556 RBOC End Offices or 506 lines per RBOC EO**

Key Statistics for Highly Penetrated 1% of COs

- 28 RBOC central offices have more than 5,000 MCI UNE-P lines.
- There are a total of 185,000 UNE-P lines served in these 28 COs or approximately 8% of our customer base.

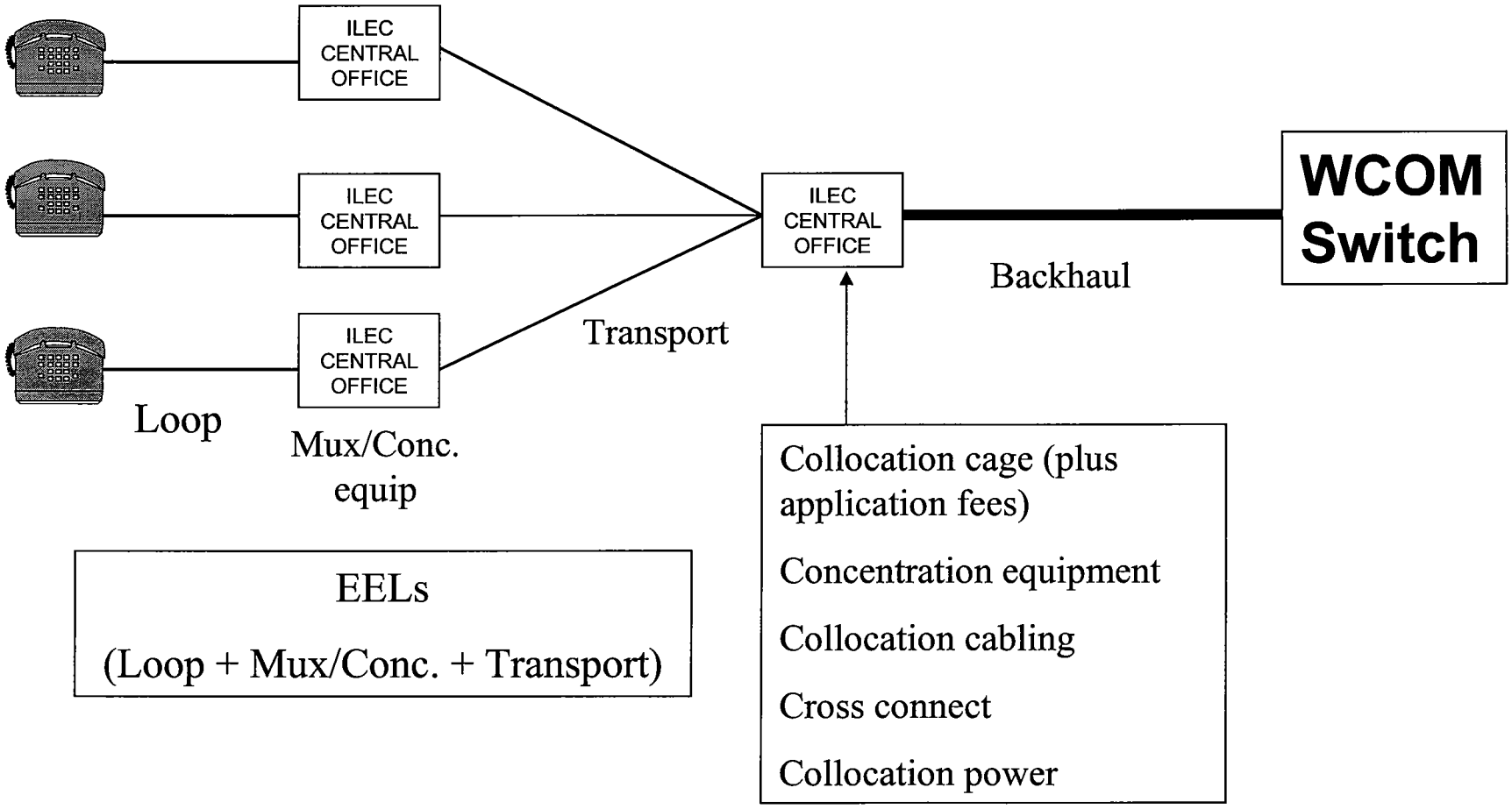
Loop Provisioning Capabilities & Economics Will Make or Break UNE-L Competition

- Installation and disconnect volumes currently surpass manual capabilities, even for projects
  - NY studied VZ's hot cut performance and reached same conclusion: "Verizon's hot cut performance would have to improve approximately 4400%" to handle current volumes of UNEP orders. Also, "it would take Verizon over 11 years to switch all of the existing UNE-P customers to UNE-L." (NY FCC Comments)
- Until there is equal access on local side, CLECs always need UNE-P to acquire the customer.
- Project migrations must be scalable to meet current volumes.
- Non-recurring charges for loop migrations must be fair and reasonable and there must be discounts for projects.
- States must resolve CLEC-CLEC migrations.

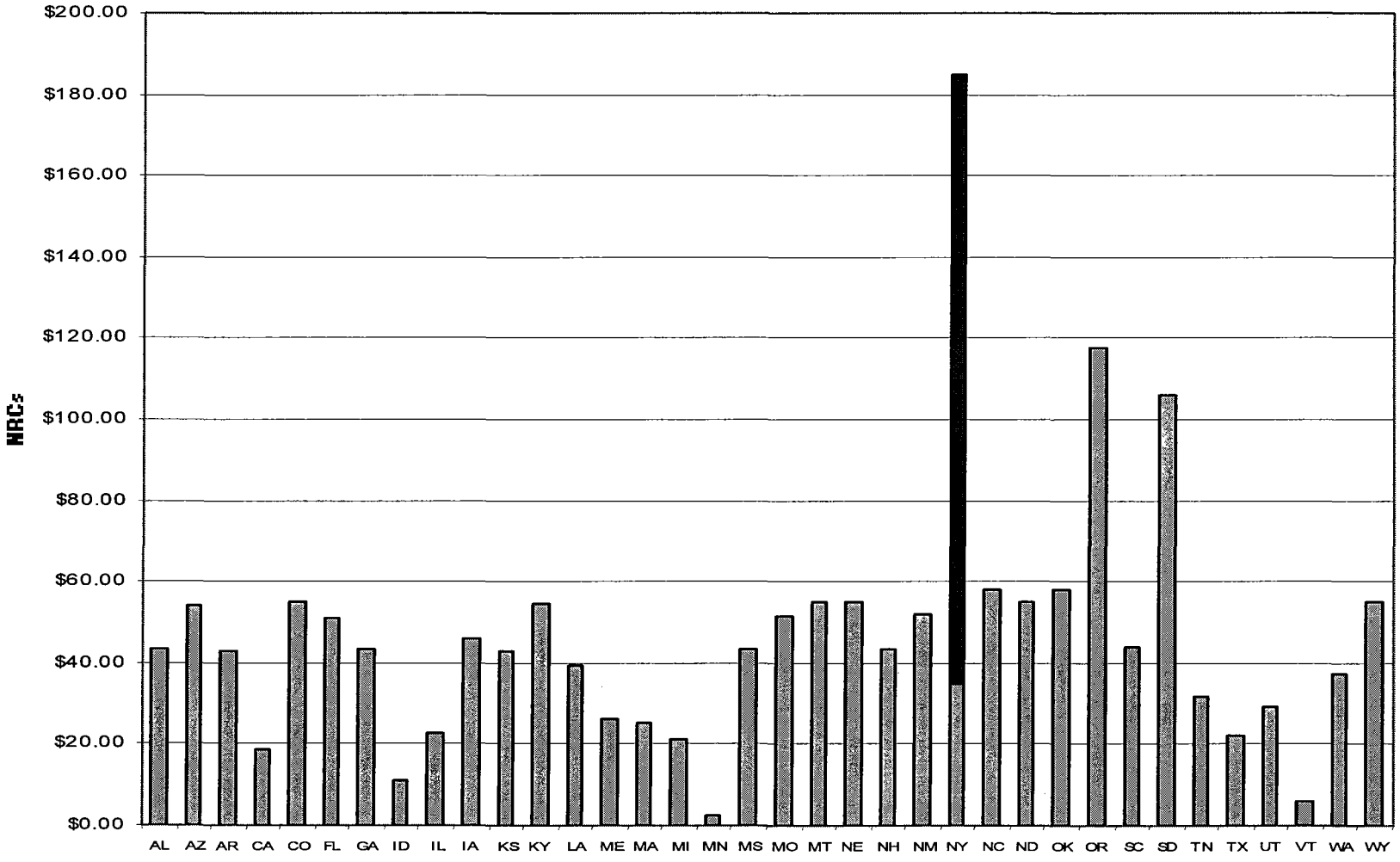
Availability of TELRIC-Priced EELs Could Reduce Collocation Costs

- Availability of EELs for analog loops can expand a CLEC's reach.
- Concentrated EELs for analog loops could make use of EELs economic.
- Range of pricing and options across the states varies and there are distance limitations.
- Current commingling restrictions significantly limit the utility of EELs.
- NRCs are extremely high.

EELs Network



Hot-Cut NRCs Vary Across The Nation



*New York NRC of $35 available until March 2004, then returns to $185.

UNE-L Implementation Requires Material Up-Front Internal Development

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